

**AD HOC WORKING GROUP ON LONG-TERM COOPERATIVE ACTION  
UNDER THE CONVENTION  
First part of the seventh session  
Bangkok, 28 September to 9 October 2009**

**Non-paper No. 23\***

09/10/09 @ 9:00

**CONTACT GROUP ON MITIGATION**

**Subgroup on paragraph 1 (b) (vi) of the Bali Action Plan**

**(Economic and social consequences of response measures)**

**Revised annex III E to document FCCC/AWGLCA/2009/INF.2**

**Non-paper by the facilitator**

[Context]<sup>1, 2</sup>

pp.1 *Recalling* **Article 2** of the Convention.

pp.2 *Recognizing* that economic and social **consequences** may result from **response measures** taken by any Party.

pp.3 *Recalling* further the **principles and provisions of the Convention**, in particular those laid out in the twentieth and twenty-first paragraphs of its preamble and in its Article 3 paragraphs 2, 3 and 5; Article 4, paragraphs 7, 8, 9 and 10, as well as the Bali Action Plan, adopted as decision 1/CP.13 by the Conference of the Parties.

pp.4 *Recognizing* the special **difficulties** of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken on limiting greenhouse gas emissions. {Preamble, para. 20}

pp.5 *Affirming* that responses to climate change should be coordinated with social and economic **development** in an integrated manner, with a view to avoiding adverse impacts on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty. {Preamble, para. 21}

pp.6 (3) [*Acknowledging* that there is a need to [undertake][sustainable development in developing countries so as to allow] a **global transition** to [a][low-emission][carbon-efficient] economy] in order to tackle climate change. Although this transition presents a major **opportunity** for all countries, in particular developed country Parties, to follow a clean development path, it can also pose **challenges** for all Parties, in particular [the most vulnerable][developing country Parties] countries. Parties should work together to ensure that this transition is congruent with sustainable development processes in all countries. Sustainable development is essential for adopting measures to address climate change.]

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\* This non-paper supersedes non-paper No. 7.

<sup>1</sup> The current paragraph numbering reflects the new order based on deliberations held during the Bangkok sessions. For ease of reference, the initial paragraph numbers from document FCCC/AWGLCA/2009/INF.2 have been inserted in parentheses before the corresponding text.

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pp.7 (5) [*Noting* that [a] mechanism[s] [under the COP] should be developed to [allow for mitigating][avoid adverse impacts of] [the] [negative impacts of] response measures on [productive workforces] [economies], promoting a gradual and **just transition** in the most affected economic sectors and contributing to building new capacities for both production- and service-related jobs [in developing countries] [in all Parties]].

pp.8 (6) [[*Acknowledging*][*Emphasizing*] that the issue of **adaptation** to the adverse impacts of climate change is a separate issue and one to be addressed under the adaptation building block of the Bali Action Plan, while the discrete issue of the impacts of response measures is to be addressed under enhanced action on mitigation under the mitigation building block of the Bali Action Plan.]

pp.9 *Recognizing* the **broad nature** of the negative impacts of response measures on developing country Parties, particularly those whose economies are dependent on tourism and export of agricultural products, Parties reaffirm Article 3, paragraph 5, of the Convention.

pp.10. [(4) *Conscious* that the [adverse impacts of policies and measures are extremely detrimental to developing countries, in particular those identified in Article 4.8, 4.9 and 4.10, and that the potential] **difficulties of assessing** [the complex issue][these adverse impacts] need to be addressed in accordance with Article 4.1 (g) and (h) of the Convention and should not constitute a constraint in providing financial and technology support to address those impacts][of potential negative impacts of policies are compounded by the fact that some of these impacts are unintended and often unanticipated. Wider economic and political factors can play a role in the vulnerability of socio-economic sectors and can amplify or diminish the impacts of policies.]]

pp.11 (8, Alternatives 2–3)<sup>3</sup> [Developed country][Parties] shall [give full consideration in implementing] [strive to implement] [mitigation] policies and measures [to respond to climate change][with a view to avoiding] [in such a way as to avoid and **minimize**] [adverse effects, including the adverse effects of climate change, effects on international trade, and] social [, environmental] and economic negative impacts on [other][developing country] Parties, especially [the poorest and most vulnerable] developing country Parties [, which are][those Parties that are most vulnerable to the adverse effects of climate change and] least able to [address them][adapt], taking [fully] into account Article 3 of the Convention [, in particular Article 3.5]].]

pp.12 (8, Alternative 3, split) [*Recognizing* that the efforts to reduce or avoid negative impacts of response measures should **not constrain or hinder progress** in addressing climate change.]

[Differentiated commitments/different capacities to address economic and social consequences of response measures]<sup>4</sup>

1. (7) [Developed country Parties shall not resort to any form of unilateral measures, including [countervailing **border measures**] [and border tax adjustments][fiscal and non-fiscal border measures], against goods and services imported from developing countries on grounds of protection and stabilization of the climate. Such measures would violate the principles and provisions of the Convention, including, in particular, those related to the principle of common but differentiated responsibilities (Article 3, paragraph 1), to trade and climate change (Article 3, paragraph 5), and to the relationship between mitigation actions of developing countries and the provision of financial resources and technology by developed country Parties (Article 4, paragraphs 3 and 7).]

Alternative to paragraph 1:

In relation to the economic and social consequences of response measures, Parties shall take into account the **principles** of the Convention.

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<sup>3</sup> A part of this paragraph has been duplicated in paragraph 4.

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2. (11/9) [[Developed [and developing] [countries]][country Parties]][All Parties] [shall] [should]] [cooperate fully to **enhance understanding** [of the potential consequences of policies and measures and] of the adverse economic and social consequences of response measures [, taking into account the need for information from those affected, evidence of actual impacts, both positive and negative effects]] *and...*

- (a) [[**Exchange and share information** between Parties on experiences, [on [potential][and][actual] impacts of climate change response measures] cooperating in developing tools and methods and building capacity to assess potential impacts of climate change policies and measures in the affected countries, paying particular attention to the needs and concerns of the poorest and most vulnerable developing country Parties which are least able to address them;]
- (b) [Promote **understanding of the nature and magnitude** of the impacts of climate change and its adverse effects, as well as the economic and social consequences of various response strategies;]
- (c) [**Promote and cooperate** in scientific, technological, technical, socio-economic and other research, systematic observation and development of data archives related to the climate system and intended to further understanding and to **reduce or eliminate the remaining uncertainties** regarding the causes, effects, magnitude and timing of climate change and the economic and social consequences of various response strategies (Article 4.1 (g));]
- (d) [**Promote and cooperate** in the full, open and prompt **exchange** of relevant scientific, technological, technical, socio-economic and legal **information** related to the climate system and climate change, and to the economic and social consequences of various response strategies (Article 4.1 (h));]
- (e) [[Provide][Make use of the] information in their **national communications** [to report on [positive and] negative impacts experienced arising from the implementation of climate change response measures taken by another Party][on any impacts [they are experiencing as a result] of the implementation of their commitments under the Convention [and any related instruments]]<sup>5</sup>;
- (f) [[**Assess**] [Consider] the economic, [cultural,] [environmental] and social effects of their mitigation strategies and measures.]]<sup>6</sup>

3. (11 (g)) [Requests the secretariat to undertake [a] comprehensive [**study**] [studies] of direct costs and adverse impacts of response measures, as well as associated indirect costs and impacts on other Parties, especially on developing country Parties identified in Article 4.8, 4.9 and 4.10 of the Convention.]]

4. (8 and Alternatives 1–5)<sup>7</sup>: [[Developed [and developing] [countries] [country Parties]] [All] Parties [shall][should]]

Alternative 1:

[Strive to] [**implement** [mitigation] **policies and measures** [to respond to climate change]] in such a way as to [avoid [adverse] economic and social [and environmental] consequences of taking such actions] [and **minimize** [adverse **effects** [of response measures] ],[including the adverse effects of climate change, effects] on international trade, and] [social, [environmental] and economic impacts [of response measures]

<sup>5</sup> This paragraph has been duplicated in paragraph 10.

<sup>6</sup> This subparagraph is duplicated in Alternative 3 to paragraph 4.

<sup>7</sup> This paragraph contains three alternatives covering the main aspects of alternatives 1–5 from document FCCC/AWGLCA/2009/INF.2. Qualifiers relating to vulnerability are given in subparagraph (a).

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on other Parties, in particular developing country Parties][adverse economic, social or environmental consequences], taking [fully] into account Article 3 of the Convention [, in particular Article 3.2, 3.3 and 3.5],]

Alternative 2:

[Endeavour to reduce their emissions in such a way as to avoid economic and social consequences of taking such actions.]

Alternative 3:

[Consider [how to avoid] negative and positive spillover effects when designing their policies and measures to tackle climate change;] (11 (f))[[Assess] [Consider] the economic, [cultural,] [environmental] and social effects of their mitigation strategies and measures;]

- (a) [especially][special attention should be given to][low-income countries] [developing country Parties], [the poorest and most vulnerable developing country Parties, that are least able to [adapt] [address these impacts], and in particular
- [the consequences for women and children in these countries]
  - [those identified in Article 4.8, 4.9 and 4.10 of the Convention,]
  - [those Parties that are most vulnerable to the adverse effects of climate change [and least able to adapt]].

5. (12–14) [All Parties shall ensure that mitigation action, including, inter alia, the use of biofuels, does not contribute to **deforestation and forest degradation** in developing countries. All actions to reduce associated emissions in some countries do not result in such emissions in other countries as a result of emissions displacement. Possible action may include:

- (a) Developing and implementing policies and measures;
- (b) Initiating forest law enforcement, governance and trade measures;
- (c) *Applying* measures such as regulation of demand-side use of forest products or other commodities that have resulted in deforestation or forest degradation.]

[Financial resources and transfer of technology]<sup>8</sup>

6. (15 and Alternative) [[Developed country] [Parties] [could identify means][shall][should] provide **support** to developing country Parties, particularly those specified in Article 4.8, 4.9 and 4.10 of the Convention, in order to allow developing country Parties to address issues related to:

- (a) Social and environmental development, economic diversification, risk assessment, modelling and insurance to prevent the adverse effects of the spillover effects.
- (b) [The implementation of subparagraphs 2 (c) and 2 (d) above, through the **provision of financial resources**, including for access to and development and transfer of technology, at agreed full incremental costs in accordance with Article 4.3 of the Convention.

(Alternative to 15, split) Recognizing that there are **ways and means** to reduce or avoid such negative impacts [, while maximizing positive impacts,] through careful and informed selection of policies and measures, to evaluate the effectiveness of existing tools, and to consider new ones, in order to assist developing country Parties in addressing these negative impacts.]]

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7. [(2) The specific **needs** and special **circumstances** of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration.]

8. (16 and Alternative) [Adverse economic and social consequences of response measures [shall][should] be addressed by [various **means**][proper economic, social and environmental **actions**], including [but not limited to] promoting, supporting and enabling economic diversification, funding, insurance and the development[, transfer] and dissemination of win-win technologies in the affected countries [, paying particular attention to the needs and concerns of the poorest and most vulnerable developing country Parties,] such as cleaner fossil fuel technologies, gas flaring reduction, and carbon capture and storage technologies.]

9. [(17) [[Developed [and developing] [countries][country Parties]][All Parties] [shall] [should]:]

- (a) Compensate for damage to **LDCs'** economies and for lost opportunities, resources, lives, land and dignity, as many will become environmental refugees;
- (b) Equitably compensate **Africa**, in the context of environmental justice, for environmental, social and economic losses arising from the implementation of climate change response measures.]

[Institutional arrangements]<sup>9</sup>

10. (11 (e)) [[Developed [and developing] [countries][country Parties]][All Parties] [shall] [should][provide][make use of the] information in their **national communications** [to report on impacts experienced arising from the implementation of climate change response measures taken by another Party][on any impacts [they are experiencing as a result] of the implementation of their commitments under the Convention [and any related instruments]].

11. [A permanent [**forum**] shall be established, under the [COP][Subsidiary Body for Implementation], to provide a venue for Parties to share information, experiences and views on the economic [and] [,] social [and environmental] consequences of response measures, so as to enhance the efforts of Parties to analyse and understand these consequences and to identify innovative policy responses and technologies to address adverse consequences. This permanent forum shall be open to participation by all Parties and intergovernmental organizations, and mobilize expertise from the scientific and modelling communities and the private sector. The [work of the] permanent forum should [lead to] [formulate] a comprehensive framework to address adverse consequences [by] [in order to], inter alia:

- (a) [Preparing][Prepare] guidelines on how to integrate/assess the adverse impacts of response measures;
- (b) [[Enabling] [Enable] all Parties to select appropriate and effective policies and measures that achieve the desired mitigation results while avoiding or reducing adverse impacts of these policies and measures on the sustainable development of other Parties, particularly developing country Parties;]
- (c) [[Enabling] [Enable] developing country Parties confronted by unavoidable adverse consequences of policies and measures to strengthen their resilience and adaptive capabilities [and to] [by, inter alia,][undertake][undertaking] economic diversification and [integrate][integrating] these responses into their sustainable development processes;]
- (d) [Reporting][Report] periodically to the COP.]

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12. [The permanent [**forum**] should also formulate/implement a **work programme** that [includes] [addresses, inter alia,] the following components:

- (a) [Insurance and financial risk management;]
- (b) [Modelling, analytical and methodological tools;]
- (c) [Economic diversification;]
- (d) Early warning and systematic observation;
- (e) Disaster management and preparedness;
- (f) Compensation procedures and actions including funds;
- (g) Funding;
- (h) Other related matters.]

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